GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3907
ANSWERED ON:13.12.2002
UNIT SCHEME, 2002
N.N. KRISHNADAS

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether UTI has filed a prospectus with theSecurities and Exchange Board of India (SEBI) fothe UTI Scheme, 2002 (US-2002), an open ended net asset based scheme moulded out of flagship scheme US-64;

(b) If so, the salient features of the US-2002 and how it differs from the US-64;

(c) whether the Government have inquired about the current investment attitude of the public on the mutual funds scheme which has come down due to the recent fall out of the flagship scheme US-64; and

(d) If so, the details thereof alongwith the credible measures taken by the Government for the smooth functioning of the schemes?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

a) UTI has intimated that it had filed the Offer Document of Unit Scheme - 2002 with SEBI on 4th October, 2002.

b) The salient features of the US-2002 are, inter-alia,that it is an open-end balanced scheme, aims at providing income distribution/cumulation of income and capital appreciation over a long term under the `Income` and `Growth` options, respectively, between 45% to 75% will be invested in debt installments, out of which at least 7.5% of Debt investments would be in Government securities and investment in equity would be between 25% to 55%, which is different from US-64 which currently has asset allocation of 65% in equity and 35% in debt. Fresh sales under US-64 have been stopped since 2nd November, 2002 and sales under US-2002 started from 15th November, 2002.

c) & d) Mutual Funds are regulated by the Securities and Exchange Board of India. In order, inter-alia, to revive investors confidence in the capital market, the Parliament has recently passed the Securities and Exchange Board of India (Amendment) Bill, 2002 andthe Unit Trust of India (Transfer of Undertaking and Repeal) Bill, 2002.